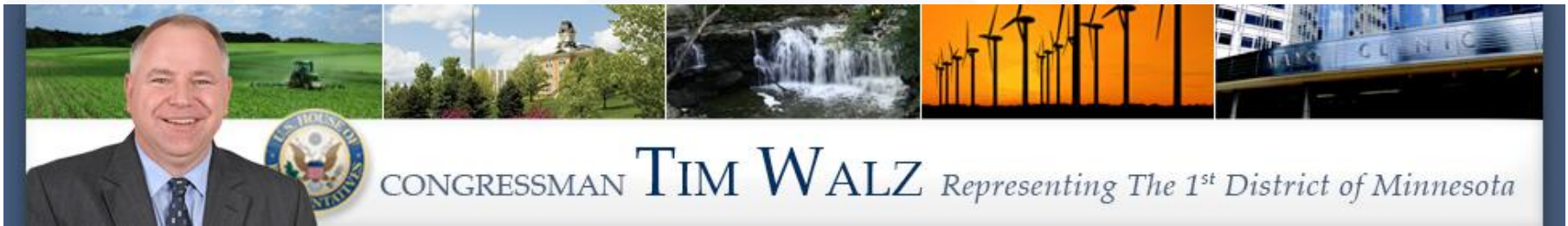


Congressman Tim Walz

Federal Grants Workshop - April 30, 2010



Committed to the future
of rural communities.



Committed to the future of rural communities.

What is USDA Rural Development

- USDA Rural Development provides funding to rural communities for housing, clean water (water & waste water), hospitals, clinics, community centers, day-care facilities, first responder needs, business development, economic development, job creation and other essential community infrastructure.
- Our goal is to improve the quality of life in rural communities and carry out our mission of a strong rural America.
- There are 12 USDA Rural Development field offices located throughout Minnesota and our State Office is located in St. Paul.

Fiscal Year 2009 - Minnesota Funding amounted to ~\$780,000,000

- \$145 million in Electric Programs
- \$487 million in Housing Programs
- \$80 million Community Programs
- \$57 million in Business and Cooperative Programs
- \$10 million in Telecommunications Programs



Rural Development Contact Information

- Rural Development State Web Site:
<http://www.rurdev.usda.gov/mn/index.htm>
- Rural Development National Web Site:
<http://www.rurdev.usda.gov>
- Colleen Landkamer, State Director - St. Paul: 651-602-7800
- Chuck Phillips, Area Director - SE Minnesota: 507-332-7418
Ext. #4 charles.phillips@mn.usda.gov
- Scott Knutson, Area Director - SW Minnesota: 507-532-3234
Ext. #4 scott.knutson@mn.usda.gov



Rural Business Enterprise Grants

Objective

- Finance the development of small and emerging private business enterprises.
- 50 or less employees
- < \$1,000,000 in annual revenue

Purposes

- Buy and develop land
- Establish a revolving loan fund
- Construct buildings, equipment, streets and roads, & parking areas
- Utility and service extensions
- Rural distance learning networks

Applicant

- Public bodies
- Private non-profit corporations
- Native American Communities

Population

- Communities and rural areas less than 50,000 in population.



Rural Business Enterprise Grants

Funding and Contact

- Normal - MN Allocation
~\$600,000
- Additional funding was made available through the American Recovery and Reinvestment Act (ARRA) – ARRA funding in this program has been exhausted.
- FY 2009 Minnesota funded
~\$1,900,000 in projects. (ARRA and disaster set-aside)
- Projects under < \$100,000 score better and are more competitive.

RBEG Examples

- City of Delevan – Roof for their Community & Business Center
- Cities of Ellendale, Austin, Albert Lea, St. Charles, Medford & Garden City Township have used RBEG funds to establish Revolving Loan Funds
- Spring Valley EDA – Industrial Park Improvements



Rural Business Opportunity Grant

Objective & Population

- Finance technical assistance for business development.
- Funding for economic development planning in rural areas.
- Communities and rural areas less than 50,000 in population .

Purposes

- Technical assistance.
- Leadership training .
- Establishment of business support centers.
- Economic development plans.

Applicant

- Public bodies
- Non-profit corporations
- Native American Communities
- Eligible rural cooperatives

Funding and Contact

- Notice of Funds Availability (NOFA) FY-10 deadline 6/28/10
<http://edocket.access.gpo.gov/2010/pdf/2010-6860.pdf>
- Compete nationally for funding – \$2,480,000 available in FY-10
- \$50,000 Max. Grant (larger amount if project is multi-state).
- Historically 1-2 projects per year funded in MN.



Rural Economic Development Loans and Grants

Objective

- Finance economic development and job creation in rural areas

Applicant

- Electric and telephone utilities eligible for financing from the Rural Utilities Service
- Utility company needs to match 20% on grants

Program Purpose

- Promote rural economic development and/or job creation projects including feasibility studies, startup costs and business incubators

Process

- The intermediary (electric or telephone utility) makes loans or grant to profit or nonprofit businesses and public bodies projects.
- Loans are 0 percent for 10 years



Rural Economic Development Loans and Grants

Funding and Contact

- National pool of funds –projects are selected quarterly for funding.
- \$740,000 Max. Loan
- \$300,000 Max. Grant
- No ARRA funding for this program.

Examples

- Steele Waseca Coop. - provided assistance to Ellingson Drainage for a business expansion.
- Freeborn Mower Coop. provided assistance to the Albert Lea Hospital
- Freeborn Mower Coop. provided assistance to the Albert Lea business incubator.



Water and Waste Disposal Loans & Grants

Objective

- Provide water, waste water and storm water financing in rural areas

Purpose and Uses

- Build, repair and improve public water systems, and waste collection and treatment systems.
- Other related soft costs (engineering, land, legal, etc.)

Applicant

- Public Entities
- Native American Communities
- Non-profit Corporations
- Water or Sewer Districts.

Loan/Grant

- Direct loan & grant
- 1.5% MHI Affordability Goal ($\$36,000 \text{ MHI} \times 1.5\% = \540 year or a \$45 per month water or wastewater bill.
- Service areas with MHI below \$46,993 will be considered for grant assistance.

Term & Interest Rates

- 40 Year Term
- 2.5 - 4.125% Rate (4/2010)

Population

- Rural areas and Towns of less than 10,000 population



Water and Waste Disposal Loans & Grants

Funding

- Target projects on the State project priority list (PPL)
- MN State allocation of ~\$25,000,000 (roughly 75% loan and 25% grant)
- FY-09 - 44 loans and grants made for ~\$71,000,000.00
- Additional funding available through ARRA – Bricelyn and Peterson were awarded ARRA Funds
- Additional ARRA funding will also be available for through the State Public Facilities Authority (PFA) for wastewater projects.

- Note - Many small community projects are jointly funded with State grant programs (PFA).

Examples

- Lewiston wastewater treatment facilities
- St. Clair water tower



Single Family Housing Repair Loans & Grants

Objective

- To help very-low income homeowners remove health and safety hazards or to repair their homes
- 50% or below of County MHI
- Example –Steele County 2 person household - \$27,300

Common Uses

- Repair or replace roofs
- Window and siding
- Accessibly improvements.
- Water and sewer connect fees to municipal systems or wells and septic systems

Population

- Rural area with populations of 20,000 or less (Faribault and Owatonna are still eligible)

Funding

- FY- 2009 MN Funding
- 116 loans - ~ \$706,000
- 122 grants - ~ \$617,000
- Accept and process applications year round. Funding is typically available year round.



Single Family Repair Loans & Grants

Terms/Conditions

- Loan terms – Up to 20 years
- Interest Rate - 1%.
- Loan Limit - \$20,000
- Grant Limit - \$7,500 (Grants are considered for individuals 62 years or older for repairs that remove a health and Safety Issue. Unable to show repayment of the 1% loan).
- Local and regional housing authorities are key partners in this program.



Community Facility Information

Applicants

- Public bodies, non-profit organizations, and Native American Communities.

Objective

- Provide financing for essential community facilities for rural communities.

Population

- Rural area with population of 20,000 or less

Financing Type

- Direct Loans, Grants & Loan Guarantees (90%)

Uses & Project Types

- Build and rehabilitate facilities
- Fire and rescue vehicles and equipment
- Health Care Facilities
- Daycare Facilities
- Early warning systems
- Police stations, Health Clinics, Schools, Libraries, Hospitals, etc

Terms/Conditions

- Up to 100% of market value
- Up to 40 years or useful life of the security
- 4.125% Interest Rate (4/2010)
- Service areas with MHI below \$42,293 to be considered for grant assistance (15-75%).



Community Facilities

National Eagle Center - Wabasha

Community Facility Funding

- FY-09 - 49 loans and grants made for ~\$5,500,00.00
- Additional funding through the ARRA
- With normal appropriations and ARRA funding close to \$4 billion nationally will be available in FY-10.
- Daycare Facilities - National grant set aside.
- Street Projects will be favorably considered.
- “Submit applications as soon as possible to be considered for ARRA funding”



Caledonia Rescue Vehicle



City of Blue Earth Daycare Facility



Value-Added Producer Grant Program

Objective

Grants are made to enable producers to develop businesses that produce and market value-added agricultural products.

Eligible Applicants

- Independent Producer
- Farmer or Rancher Cooperative
- Agricultural Producer Group
- Majority-Controlled Producer-Based Business Venture

Eligible Purposes

- Planning Activities (e.g. feasibility studies, business & marketing plans)
- Working Capital (e.g. labor, inventory, advertising)

Product Eligibility

- Change in physical state (e.g. lamb chops, diced tomatoes)
- Differentiated production or marketing (e.g. organic) - must reference a business plan
- Product segregation (e.g. identity-preserved corn)
- Farm-based renewable energy

Funding

- Notice of Solicitation of Applications (NOSA) ~\$18,000,000 available nationally
- The NOSA hasn't been issued for FY-10
- FY-09 requests should be announced in the near future.



Value-Added Producer Grant Program

Matching Eligibility

- Matching funds of at least 50% of total project costs are required
- Match must be spent at a rate equal to or greater than grant funds
- Match must be provided by the applicant or a third-party in the form of cash or in-kind funds
- Match must be spent on eligible purposes and must be from eligible sources
- The same restrictions will apply to the match as to the grant funds.

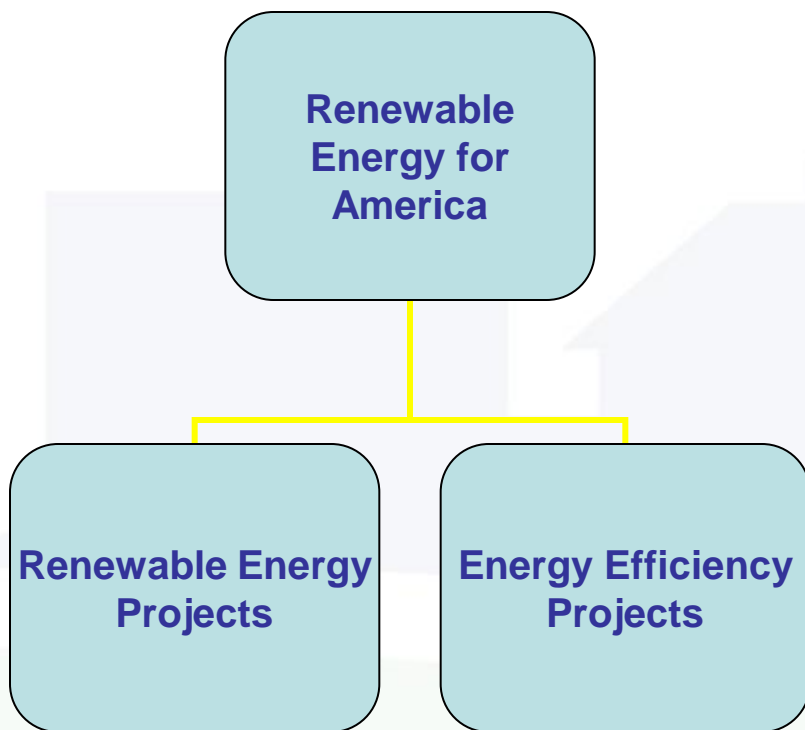
Value-Added Producer Grant Project Examples

- Pepin Heights Orchard – Producing premium cider products.
- Cannon River Winery – Making wine from locally grown grapes.
- Bushel Boy – Producing branded produce.
- Converting soybean oil into bio-diesel



Renewable Energy for America Loan Guarantees & Grants

Eligibility



- Projects will be to purchase and install renewable energy systems OR to make energy efficiency improvements to farms or businesses in rural areas.
- Homes are not eligible!!
- Technology must be commercially available & replicable.
- Applicant must be an Agricultural Producer or a Rural Small Business & must have control of the proposed project's operation.
- Applicant's must demonstrate financial need.
- Costs must be incurred '**Post**' application.

Renewable Energy for America Loan Guarantees & Grants

Eligible Purposes

- Construction or improvements
- Purchase and installation of equipment
- Energy Audits, Permit Fees, Professional Service Fees, Business Plans
- Feasibility Studies
- Connection fees.

Maximum Grant Assistance

- Grants cannot exceed 25 percent of total eligible project costs.
- Renewable Energy \$500,000
- Energy Efficiency \$250,000

Maximum Loan Guarantee

- 25 Million up to 75% of the total project cost.

Funding

- (NOSA) issued for FY-10 on 4/26/10 - <http://edocket.access.gpo.gov/2010/pdf/2010-9580.pdf>
- Applications need to be submitted to Rural Development by 6/30/2010 at 4:30 PM.
- Grant requests of \$20,000 and less appear to be targeted in FY-10.
- MN has accessed over 20% of the National allocation since the program started in 2002.
- Estimate - ~\$90,000,000 of funding available nationally for FY-10.



Renewable Energy for America Program

New Page 0




Programs: [Business and Cooperative](#) [Single-Family Housing](#) [Multi-Family Housing](#) [Community Programs](#)

Minnesota Web Site:

<http://www.rurdev.usda.gov/mn/RBS/Section%209006%20Renewable%20Energy%20Program.htm>

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 [State Director Colleen Landstamer welcomes message](#)

Rural Energy for America Program -- REAP

Program Information

Fact Sheet	Renewable Energy Brochure	Energy Efficiency Brochure
Guidelines	Minnesota Recipients	
	• 2008	
	• 2009	
Minnesota Energy Resource Guide	Grant Writers	

2010 Funding and Application Information:

Applications are being accepted now. Timeframes will be posted as they become available.

Grant Application Packages	Templates	Technical Report Templates
Small Wind	• Simplified Grant Template	Small Biomass
Biomass	• Full Grant Template	Small Energy Efficiency
Solar	• Combo G Loan \$600,000 or Less	Small Solar
Energy Efficiency	• Combo G Loan Exceeding \$600,000	Small Solar Thermal
Geothermal-- Direct	• G Loan \$600,000 or Less	Small Wind
	• G Loan Exceeding \$600,000	Geothermal

Press release inviting applications	2009 Notice of Funding Available (NOFA)	Score Sheet
-----------------------------------------------------	---------------------------------------------------------	-----------------------------

Funding for Feasibility Studies

Application Template	Score Sheet
Fact Sheet	



Committed to the future of rural communities.

<http://www.rurdev.usda.gov/mn/RBS/Section%209006%20Renewable%20Energy%20Program.htm>[4/27/2010 2:42:37 PM]

Direct Single-Family Home Loans

Applicants and Objective

- Low and very low income individuals and families. (Steele County 4 person household < \$54,550 adjusted)
- Purchase a new or existing home in good repair as the applicant's permanent residence

Eligible Areas & Conditions

- Rural areas with populations of 20,000 or less (Owatonna and Faribault are eligible communities).
- Financing up to 100% of the market value or cost – whichever is less.
- 33/38 year term available
- 4.875% fix interest rate (4/2010)
- Payment assistance is available and can subsidize the interest rate down to 1%

Funding

- FY-09 Direct financing – 209 loans for ~ \$27,000,000 (Minnesota)
- Additional \$1.3 billion of funding available through ARRA nationally



Guaranteed Single Family Housing Loans

Applicants & Program Information

- Low and moderate income individuals and families. (Steele County 4 person household < \$68,200 adjusted household income).
- Purchase a new or existing home in good repair as the applicant's permanent residence (through commercial credit).
- Rural Development provides a 90% guarantee on the bank's loan.
- The interest rate is a fixed rate negotiated between the applicant and lender.
- No private mortgage insurance requirement and credit score > 620
- 29% PITI and 41% total debt ratio.

Eligible Areas & Conditions

- Rural areas with populations of 20,000 or less (Owatonna and Faribault are eligible communities).
- Financing up to 100% of the market value of the home.
- 30 year term.

Funding

- In FY-09 Minnesota provided Loan Guarantee on 3781 home for ~ \$440,000,000
- Additional \$14 billion of funding available through ARRA nationally and these funds have been exhausted.
- FY-2010 funding ?



Business and Industry Loan Guarantees

Objective and Applicants

- Create jobs and stimulate rural economies by providing guarantees on loans to rural businesses.
- Federal or State chartered banks, credit unions, savings & loan associations or farm credit institutions.

Eligible Businesses and Guarantee

- Almost any type of rural business - except farm operations or illegal activities.
- Guarantee range from 60-80%
- ARRA funded project can be up to 90% and qualify for a reduced fee.

Population and Conditions

- Rural areas with a population of less than 50,000.
- Lender and borrower negotiate rates and terms.
- > 20% tangible balance sheet equity position for a new business and >10% for an existing business.
- \$25,000,000 maximum guarantee.

Funding

- MN has funded 8 requests for ~\$38,000,000.
- Additional funding through ARRA was ~\$1.5 billion and funds are almost exhausted. Significant non-ARRA funding is available.



Links, Miscellaneous & Questions

- Rural Development Notice of Funds Availability (NOFA) and Notice of Solicitation of Applications (NOSA) - <http://www.rurdev.usda.gov/rd/nofas/index.html>
- Rural Development Telecommunications and Broadband Programs - <http://www.usda.gov/rus/telecom/index.htm>
- American Recovery and Reinvestment Act of 2009 - <http://www.recovery.gov/>
- ARRA funding expires at the end of Fiscal Year 2010, which is 9/30/2010. To be considered for this funding opportunity, please apply as soon as possible.
- Questions!!!

